

Message Text

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ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 AID-05 EB-07 /025 W

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R 180726Z DEC 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 6724

LIMITED OFFICIAL USE NAIROBI 10918

PASS OPIC: MULLER

E.O. 11652: N/A

TAGS: EINV OPIC ABUD KE

SUBJECT: TAW PAYMENTS INTO USDO ACCOUNT

REF: STATE 286525; NAIROBI 10511; STATE 262439

1. AFTER FULL INVESTIGATION OF BACKGROUND CONCERNING TAW DEPOSITS MADE INTO USDO ACCOUNT IN NAIROBI, EMBASSY CONCLUDES THAT SPECIFIC CENTRAL BANK PERMISSION NEVER SOUGHT OR GRANTED FOR SUCH TRANSFERS. DEPOSITS WERE APPARENTLY ACCEPTED FROM TAW KENYA ON BASIS OF BLANKET CB AUTHORIZATION ALLOWING EMBASSY TO REPORT ALL ITS LOCAL SHILLING TRANSACTIONS RETROSPECTIVELY AT MONTHLY INTERVALS. THIS PROCEDURE RELIEVED EMBASSY OF OBLIGATION TO SUBMIT INDIVIDUAL PETITIONS TO CB FOR EACH SHILLING ACCEPTANCE FROM AN INTERNAL KENYAN SOURCE. NONETHELESS, WHILE EMBASSY TECHNICALLY SATISFIED CB'S REPORTING REQUIREMENT IN CASE OF TAW DEPOSITS, CB UNDOUBTEDLY INTENDED THIT APPROPRIATE EXCHANGE CONTROL REGULATIONS BE OBSERVED BY EMBASSY IN ACCEPTING LOCAL CURRENCY DEPOSITS. SPIRIT OF SUCH OBSERVANCE, WE FEEL, WOULD HAVE REQUIRED OUR SEEKING SPECIFIC CB APPROVAL BEFORE WE ACCEPTED TAW DEPOSITS.

2. AT THIS TIME, HOWEVER, EMBASSY DOES NOT RPT NOT RECOMMEND INFORMING CB ABOUT DETAILS OF PREVIOUS LIMITED OFFICIAL USE

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TAW TRANSFERS FOR FOLLOWING REASONS:

A. TAW DEPOSITS ARE NO LONGER FLOWING INTO USDO ACCOUNT, NOR DOES EMBASSY INTEND TO REINSTATE TRANSFERS WITHOUT EXPLICIT CB PERMISSION;

B. DEPOSITS WERE ORIGINALLY MADE BY TAW AND ACCEPTED BY EMBASSY IN GOOD FAITH THAT BOTH PARTIES WERE COMPLYING WITH GOK CURRENCY REGULATIONS;

C. EMBASSY IS CONCERNED THAT DISCUSSIONS WITH GOK BANKING AUTHORITIES BE COORDINATED WITH WHATEVER ACTIONS CREDITORS INTEND TO TAKE VIS A VIS TAW ACCOUNTS IN OTHER AFRICAN COUNTRIES;

D. EMBASSY UNABLE TO ASSESS EXTENT TO WHICH TAW'S FINANCIAL INTERESTS IN KENYA COULD BE DAMAGED BY CB REACTION TO PROCEDURES WHICH WERE INADVERTENTLY INSUFFICIENT. RECOGNIZING THIS, TAW OFFICERS HAVE SPECIFICALLY REQUESTED THAT EMBASSY MAKE NO UNILATERAL APPROAQH TO CB WITHOUT PREVIOUSLY ADVISING COMPANY.

3. UNLESS DEPARTMENT OR OPIC FEEL STRONGLY OTHERWISE, EMBASSY DOES NOT RPT NOT INTEND TO APPROACH CENTRAL BANK ON THIS ISSUE AT PRESENT TIME. EXEMPT. MARSHALL

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: BANK ACCOUNTS, DEBT REPAYMENTS, CREDIT AUTHORIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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Disposition Reason:
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Margaret P. Grafeld
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06 JUL 2006

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